

**UNIVERSITY OF SWAZILAND**  
**FACULTY OF SOCIAL SCIENCES**  
**DEPARTMENT OF ECONOMICS**  
**SUPPLEMENTARY EXAMINATION**  
**JULY 2018**

**TITLE OF PAPER:           STRUCTURE OF THE SWAZI ECONOMY**

**COURSE CODE:            ECON 427**

**TIME ALLOWED:          2 HOURS**

**INSTRUCTIONS:           QUESTION ONE (1) IS COMPULSORY**

**ANSWER ONE QUESTION FROM SECTION B, AND  
ONE QUESTION FROM SECTION C**

**QUESTION ONE CARRIES 40 MARKS. THE REST OF  
THE QUESTIONS CARRY 30 MARKS EACH**

**SECTION A (Compulsory)****(40 Marks)****Question One**

- 1.(a) Using appropriate examples, describe how monetary policy goals can be conflicting. [6]
- (b) With the aid of a diagram, explain why a central bank that has a mandate of targeting the interest rate cannot use the monetary aggregate to stimulate output growth. [10]
- (c) What are the two broad functions of fiscal policy in an economy? [4]

**Question Two**

- (a) Explain what is meant by the concept of rural development? [3]
- (b) Discuss any three features that define of the rural poor. [9]
- (c) Discuss any two economic related and two people related challenges that inhibit the effectiveness of rural development programs in Swaziland? [8]

**SECTION B (Choose One Question from this Section)****(30 Marks Each)****Question Three**

2. (a) Discuss *any three* features of the CMA Arrangement. [15]
- (b) Describe how banks create money. [5]
- (c) List the different monetary policy regimes available and briefly describe each one. [10]

**Question Four**

- (a) Briefly state the benefits and costs associated with membership in an Optimum Currency Area. [9]
- (b) Explain why it is important that there is coordination when setting the objectives of both fiscal and monetary policy. Give any three examples to support your answer. [16]
- (c) State the objectives of the Central Bank of Swaziland? [5]

**SECTION C (Choose One Question from this Section) (30 Marks Each)**

**Question Five**

- (a) What is meant by the term agricultural economics? [5]
- (b) Why is the agricultural sector regarded as important to the growth and development of the Swaziland economy? [15]
- (c) Discuss four challenges confronting agricultural development in Swaziland. [10]

**Question Six**

- a) If agriculture is indeed critical to development, then why despite all efforts and investment, the sector has not led to success, particularly in Sub-Saharan Africa? [20]
- b) Discuss any three factors posing a threat to food security in Swaziland. [10]